

## **Outokumpu and SMI in a copper products asset swap agreement**

The Outokumpu Group of Finland and the SMI (Società Metallurgica Italiana) Group of Italy have entered into an agreement, whereby SMI Group will exchange its superconductors business in Italy and its air-conditioning and refrigeration tube operations in China for Outokumpu's 50% shareholding in LOCSA - Laminados Oviedo Cordoba, S.A. of Spain, until now equally owned (50%/50%) by the two Groups. The transaction is subject to regulatory approvals and it is expected to be completed by the end of January 2004.

The transaction is well in line with Outokumpu Copper's strategy to move into more value-added products such as superconductors with high growth potential and also to strengthen Outokumpu Copper's position in the value-added air-conditioning and refrigeration copper tube market in China.

The superconductor business of SMI in Fornaci di Barga, Italy, employs some 100 persons and generated in 2002 net sales of EUR 16 million. The Changzhou tube mill, in Jiangsu province, China, generated net sales of EUR 10 million and employs some 70 persons.

The asset swap states an exit of the SMI Group from those businesses, that no longer are deemed as strategic either from the industrial or from the geographic point of view. They are in coherence with the guidelines of SMI's current plan. SMI will strengthen its position as the European leader in rolled products by engaging in products with higher profitability and lower profile of risk.

Laminados Oviedo Cordoba S.A. is a Spanish joint venture established by Outokumpu and SMI in 1992. It has rolling operations in two locations- in Oviedo, Northern Spain and in Cordoba, Southern Spain. According to the decision made in autumn, the Oviedo plant will be closed down by the end of this year. The production will be concentrated in the Cordoba Mill. After the restructuring, the operation will have some 150 persons with annual net sales of about EUR 65 million.

The SMI Group is mainly focused in Europe. It has customers in many industries such as building, automotive, electronics, electrical, telecommunications, etc. through its subsidiaries KM Europa Metal, Europa Metalli, Trefimetaux, Yorkshire Copper Tubes, and SIA Santa Barbara located in various European countries. It employs some 8000 people and has a turn over of EUR 2.5 billion.

Outokumpu Copper operates globally. It has a strong competitive position in its traditional markets in the US and Europe. In recent years investments to South-East Asia and China have made it a significant supplier of copper products for the globally operating as well as the local customers. Main customer groups are in the heat transfer, electrical, electronics, and telecommunications industries as well as in the building & construction and automotive industries. The manufacturing units are located in the US, Finland, Sweden, The Netherlands, Spain, Italy, France, Austria, Britain, China, Malaysia, Thailand and Mexico. Net sales of Outokumpu Copper in 2002 were EUR 1 472 million and today it employs some 7 500 people.

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